

The Office of Inspector General (OIG), Department of Defense (DoD) announced today that on June 28, 2000, Bio-Magnetic Therapy Systems, Newtown, CT, Richard Markoll, and his wife, Ernestine Binder Markoll, both of Boca Raton, FL, were indicted by a Federal Grand Jury in New Haven, Connecticut, on 14 counts of mail fraud, and 1 count of conspiracy.

According to the indictment, Richard Markoll and his wife, Ernestine Markoll devised a scheme to knowingly bill electro-magnetic therapy treatments, conducted under clinical trial and not yet approved by the FDA, and subsequently using fraudulent billing codes to hide the procedure actually performed. The treatment provided is not a reimbursable service according to federal healthcare program regulations. The indictment also charges that the participants of the scheme knowingly exported and used the experimental devices which were still under study and deemed to have significant risk factors without an Investigational Device Exemption from the FDA. The treatments alleged to relieve arthritis were provided to patients during the period 1990 through 1994. The alleged fraud has affected several healthcare insurance carriers including TRICARE and Medicare.

The charges are the result of a four-year investigation involving Bio-Magnetic's scheme to defraud and obtain money by means of making false and fraudulent representations to U.S. Government insurance carriers, the U.S. Food and Drug Administration and patients of the company. Specified in the indictment was the Office of Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS), now known as TRICARE Management Activity, the Department of Health and Human Services and the U.S Food and Drug Administration.